

## LCQ17: Business situation of micro- and small-sized enterprises amid epidemic

Following is a question by the Hon Rock Chen and a written reply by the Secretary for Commerce and Economic Development, Mr Edward Yau, in the Legislative Council today (May 4):

Question:

In the light of the severity of the fifth wave of the coronavirus disease 2019 epidemic, the Government has tightened social distancing measures to reduce the flow of people in the street. It has been reported that quite a number of physical commercial activities have been greatly affected as a result, and some micro- and small-sized enterprises (MSEs) have even closed down or are facing winding up before receiving the subsidies disbursed under the new round of the Anti-epidemic Fund. In this connection, will the Government inform this Council:

(1) of the number of MSEs newly set up in each month since January of last year, with a breakdown by industry;

(2) of the number of MSEs in each industry dissolved in each month since January of last year, with a breakdown by (i) mode of dissolution (i.e. deregistration, striking off and winding up), (ii) number of employees by groups and (iii) reason for dissolution; and

(3) whether it has plans to introduce preferential policies after the epidemic has stabilised or ended, so as to encourage aspiring people to set up and run MSEs; if so, of the policies and measures targeting MSEs in different industries to be introduced; if not, the reasons for that?

Reply:

President,

Having consulted the Innovation and Technology Bureau (ITB) and the Census and Statistics Department (C&SD), our consolidated reply to the three parts of the question is as follows:

According to the Central Register of Establishments (Note 1) and the quarterly statistical information collected in 2021 by the C&SD, the estimated distribution of the number of micro-enterprises (i.e. enterprises engaging less than 10 persons) in Hong Kong in various major industries and the corresponding quarterly net changes are set out in the table below.

Industry category	Number of enterprises engaging less than 10 persons (Note 2) [net change in the number of enterprises as compared with the previous quarter]			
	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Mining and quarrying; and electricity and gas supply, and waste management	356 [-4]	356 [0]	360 [+4]	366 [+6]
Manufacturing	6 909 [-71]	6 814 [-95]	6 762 [-52]	6 734 [-28]
Import/export trade and wholesale	94 757 [-1 378]	93 538 [-1 219]	93 092 [-446]	92 468 [-624]
Retail	42 675 [+160]	44 239 [+1 564]	44 755 [+516]	45 429 [+674]
Transportation, storage, postal and courier services	7 277 [+10]	7 222 [-55]	7 342 [+120]	7 385 [+43]
Accommodation and food services (Note 3)	9 282 [-150]	9 457 [+175]	9 557 [+100]	9 615 [+58]
Information and communications	14 674 [+49]	14 634 [-40]	14 804 [+170]	14 986 [+182]
Financing and insurance	30 138 [+272]	30 558 [+420]	30 975 [+417]	31 316 [+341]
Real estate	17 357 [+131]	17 806 [+449]	17 988 [+182]	18 115 [+127]
Professional and business services	49 753 [+87]	49 962 [+209]	50 456 [+494]	50 761 [+305]
Social and personal services	40 882 [+173]	40 767 [-115]	40 960 [+193]	42 246 [+1 286]
Total	314 060 [-721]	315 353 [+1 293]	317 051 [+1 698]	319 421 [+2 370]

The C&SD does not have statistics on the number of newly established and dissolved enterprises.

The Government is committed to supporting start-ups and small and medium enterprises (SMEs) and enhancing various funding schemes to cater for the needs of SMEs, including:

(1) through the SME Financing Guarantee Scheme, the Government provides 80 per cent, 90 per cent or 100 per cent guarantees to help SMEs obtain commercial financing. Among them, the 90 per cent Guarantee Product is implemented specifically to help smaller-sized enterprises, businesses with relatively less operating experience and professionals seeking to set up their own practices obtain commercial financing;

(2) the current-term Government has kept on enhancing various funding

schemes, including making multiple injections into the Dedicated Fund on Branding, Upgrading and Domestic Sales and the SME Export Marketing Fund under the Trade and Industry Department (TID); raising the funding ceiling per enterprise; and expanding the funding scope, with a view to helping start-ups conduct promotional activities to develop more diversified markets, enhance the competitiveness of enterprises and facilitate SMEs' business development;

(3) the four SME centres (i.e. the Support and Consultation Centre for SMEs (SUCCESS) under the TID, the SME Centre under the Hong Kong Trade Development Council, the SME One under the Hong Kong Productivity Council and the TecONE under the Hong Kong Science and Technology Parks Corporation) provide four-in-one integrated services, so that SMEs can receive one-stop consultation and referral services in any one of the aforementioned centres. Among them, the SUCCESS provides various business information and consultation services free of charge, such as providing information on government licences or permits required for starting a business and running different types of businesses in Hong Kong through the dedicated webpage on "Setting up your Business"; its "Meet-the-Advisors" Business Advisory Service helps arrange SMEs to meet with experts for free professional advice on specific areas (including setting up business, marketing and taxation); and organises seminars and workshops and answers enquiries related to start-ups;

(4) "SME ReachOut" is established by the TID to assist SMEs in identifying suitable funding schemes and addressing problems arising from applications;

(5) through its StartmeupHK programme, Invest Hong Kong provides one-stop services to global start-ups and actively assists them in using Hong Kong as a launch pad to grow their businesses; and

(6) the ITB has all along been promoting Hong Kong's innovation and technology (I&T) development through a series of measures and schemes. While the relevant measures and schemes aim to enhance the local I&T ecosystem, in fact many SMEs are among the beneficiaries. For example, the Innovation and Technology Commission launched the time-limited Distance Business Programme under the Anti-epidemic Fund to support enterprises to continue their business and provide services during the epidemic through the adoption of information technology solutions, with about 95 per cent among the over 25 700 approved applications which have proceeded to implementation coming from SMEs; the 17 funding schemes under the Innovation and Technology Fund provide comprehensive support for local I&T strengths with many SMEs being the beneficiaries, including the Technology Voucher Programme which provides funding for local enterprises and organisations on a matching basis to use technological services and solutions, with about 95 per cent of the approved applications coming from SMEs; the Public Sector Trial Scheme supports public sector organisations to try out new technologies or products developed in Hong Kong by technological enterprises and organisations; and the Enterprise Support Scheme provides funding for private companies to carry out in-house research and development projects.

The Government will continue to review the various support measures to help enterprises cope with the challenges brought about by the epidemic.

Note 1: A computerised Central Register of Establishments, formed on the basis of feedback from various surveys of the C&SD and administrative returns from relevant government departments, contains information relating to some 420 000 active establishments in Hong Kong.

Note 2: The number of enterprises relates only to those industries covered by the Quarterly Survey of Employment and Vacancies. Industries not covered are mainly agriculture, forestry and fishing; construction; hawkers and retail pitches (other than market stalls); taxis, public light buses, part of goods vehicles, and inland freight water transport; monetary authorities and self-employed insurance agents with no business registration; renting and leasing of recreational and sports goods; public administration; work activities within domestic households, activities of extraterritorial organisations and religious organisations; and independent artists.

Note 3: Covering hotels, guesthouses, boarding houses and other enterprises providing short-term accommodation.